



CITY OF FALLS CHURCH

Office of Communications

703-248-5003
FAX 703-248-5146

FOR IMMEDIATE RELEASE
Friday, March 19, 2004

CONTACT:
Dionne C. Williams
(703) 248-5101

Standard & Poor's Raises the City's Outstanding General Obligation Bond Rate to an 'AA' Rating

The City Receives Lower Interest Rates on its Bond as a Result

FALLS CHURCH, VA. – Standard & Poor's, the world's foremost provider of independent credit rating, indices, risk evaluation, investment research, data and valuations, raised the City's general obligation (GO) bond rating from 'A+' to 'AA'. This upgrade indicates that the City has strengthened its financial position by adopting a minimum fund balance policy, which the City had previously exceeded each year since fiscal year 1998; and implemented a number of conservative financial policies, including a debt affordability model, a multiyear financial forecasting, and leasing an integrated financial system that allows financial data to be monitored and reported in real time.

According to Standard & Poor's, "The City's location, neighboring 'AAA' rated Fairfax County, and its participation in the strong Washington, D.C. metropolitan area economy; a growing \$2.2 billion tax base and average home values that exceed \$400,000; and high income wealth and income indicators with a manageable debt burden," are several additional factors that helped the City obtain its GO bond rating upgrade.

With an 'AA' GO bond rating, the City's bonds are more favorable to potential buyers. So much so, that yesterday the City placed its \$32 million bond out to bid. Nine firms paid a deposit for the opportunity to place a bid and out of those nine firms, six firms actually bid. Merrill Lynch won the bid, offering the City a 3.6 percent interest rate for 20 years of the life of the bond. This means lower interest costs over the terms of a bond that will help build a fourth school in the City and refinance the City's 1993 bond that had a higher interest rate.

The sale of the City's bond to Merrill Lynch will be completed on March 30, 2004.

###

www.ci.falls-church.va.us